

**Popkum First Nation**  
**Financial Statements**  
*March 31, 2015*

**Popkum First Nation**  
**Contents**  
*For the year ended March 31, 2015*

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## **Management's Responsibility**

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To the Members of Popkum First Nation

The accompanying financial statements of Popkum First Nation are the responsibility of management and have been approved by the Chief and Council.

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Popkum First Nation Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial statements. The Council fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Council is also responsible for recommending the appointment of the Nation's external auditors.

MNP LLP is appointed by the Members to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Council and management to discuss their audit findings.

January 24, 2024



Chief

To the Members of Popkum First Nation:

**Qualified Opinion**

We have audited the financial statements of Popkum First Nation (the "First Nation"), which comprise the statement of financial position as at March 31, 2015, and the statements of operations and accumulated surplus (deficit), changes in net financial assets (net debt) and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the First Nation as at March 31, 2015, and the results of its operations, changes in its net financial assets (net debt) and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

**Basis for Qualified Opinion**

The consolidated financial statements do not include completed budgeted information. The exclusion of such information is a departure from Canadian Public Accounting Standards as the comparison of budgeted to actual results is a significant measure of performance.

We were not able to obtain sufficient and appropriate audit evidence over expenses of \$215,282. Consequently, we were unable to determine whether any further adjustments might be necessary to expenses, surplus (deficit), and cash flows from operations for the year ended March 31, 2015. The audit opinion on the financial statements for the year ended March 31, 2015 was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the First Nation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

**Other Matter**

The financial statement for the year ended March 31, 2014 were audited by another public accountant who expressed a qualified opinion on those statements on September 9, 2015.

**Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the First Nation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the First Nation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the First Nation's financial reporting process.

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the First Nation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the First Nation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the First Nation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chilliwack, British Columbia

January 24, 2024

**MNP LLP**

Chartered Professional Accountants

**Popkum First Nation**  
**Statement of Financial Position**  
*As at March 31, 2015*

	<b>2015</b>	<b>2014</b> (Restated)
<b>Financial assets</b>		
Cash and cash equivalents (Note 3)	217,487	22,084
Accounts receivable	73,678	4,624
Investment in Nation business entities (Note 4)	100	-
Funds held in trust (Note 5)	3,286	3,185
<b>Total of financial assets</b>	<b>294,551</b>	29,893
<b>Liabilities</b>		
Accounts payable and accruals	12,110	14,913
Long-term debt (Note 6)	61,064	54,757
<b>Total of financial liabilities</b>	<b>73,174</b>	69,670
<b>Net financial assets (net debt)</b>	<b>221,377</b>	(39,777)
<b>Accumulated surplus (deficit) (Note 7)</b>	<b>221,377</b>	(39,777)

Approved by

 James Murray  
Chief

**Popkum First Nation**  
**Statement of Operations and Accumulated Surplus (Deficit)**  
*For the year ended March 31, 2015*

	<i>Schedules</i>	<b>2015</b>	<b>2014</b>
			<i>(Restated)</i>
<b>Revenue</b>			
Other income (Note 3)		358,969	22,625
Indigenous Services Canada		97,985	80,315
Province of BC		35,528	-
Rental income		85,150	23,513
Property taxation		26,904	14,000
Ottawa Trust		101	254
BC Hydro		9,070	-
		<b>613,707</b>	<b>140,707</b>
<b>Expenses</b>			
Administration	2	274,779	121,211
Rights and Title	3	77,774	73,279
<b>Total expenditures</b>		<b>352,553</b>	<b>194,490</b>
<b>Surplus (deficit)</b>		<b>261,154</b>	<b>(53,783)</b>
Accumulated surplus (deficit), beginning of year, as previously stated		(61,803)	14,006
Correction of an error (Note 3)		22,026	-
<b>Accumulated surplus (deficit), beginning of year, as restated</b>		<b>(39,777)</b>	<b>14,006</b>
<b>Accumulated surplus (deficit), end of year</b>		<b>221,377</b>	<b>(39,777)</b>

**Popkum First Nation**  
**Statement of Change in Net Financial Assets (Net Debt)**  
*For the year ended March 31, 2015*

	<b>2015</b>	<b>2014</b>
		<i>(Restated)</i>
<b>Annual surplus (deficit)</b>	<b>261,154</b>	(53,783)
Proceeds of disposal of tangible capital assets	-	54,757
<b>Increase in net financial assets</b>	<b>261,154</b>	974
<b>Net financial assets (net debt), beginning of year</b>	<b>(39,777)</b>	(40,751)
<b>Net financial assets, end of year</b>	<b>221,377</b>	(39,777)

**Popkum First Nation**  
**Statement of Cash Flows**  
*For the year ended March 31, 2015*

	<b>2015</b>	<b>2014</b>
	<i>(Restated)</i>	
<b>Cash provided by (used for) the following activities</b>		
<b>Operating activities</b>		
Surplus (deficit)	261,154	(53,783)
Interest on debt	6,306	-
	<b>267,460</b>	<b>(53,783)</b>
Changes in working capital accounts		
Accounts receivable	(69,054)	2,749
Accounts payable and accruals	(2,802)	(6,372)
Ottawa trust fund	(101)	8,746
Investments	(100)	-
	<b>195,403</b>	<b>(48,660)</b>
<b>Investing activities</b>		
Proceeds of disposal of tangible capital assets	-	54,757
<b>Increase in cash resources</b>	<b>195,403</b>	6,097
<b>Cash resources, beginning of year</b>	<b>22,084</b>	15,987
<b>Cash resources, end of year</b>	<b>217,487</b>	22,084

**Popkum First Nation**  
**Notes to the Financial Statements**  
*For the year ended March 31, 2015*

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**1. Operations**

The Popkum First Nation (the "First Nation") is located in the province of British Columbia, and provides various services to its members. Popkum First Nation includes the Nation's members, government and all related entities that are accountable to the Nation and are either owned or controlled by the Nation.

**2. Significant accounting policies**

These financial statements are the representations of management, prepared in accordance with Canadian public sector accounting standards and including the following significant accounting policies:

***Basis of presentation***

Sources of revenue and expenses are recorded on the accrual basis of accounting. The accrual basis of accounting recognizes revenue as it becomes available and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

***Asset classification***

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations. Non-financial assets are acquired, constructed or developed assets that do not normally provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale in the normal course of operations. Non-financial assets include tangible capital assets and prepaid expenses.

***Cash and cash equivalents***

Cash include balances with banks and short-term investments with maturities of three months or less.

***Funds held in Ottawa Trust Fund***

Funds held in trust on behalf of the First Nation's members by the Government of Canada in the Ottawa Trust Fund are reported on the statement of financial position with an offsetting amount in accumulated surplus. Trust moneys consist of:

- Capital trust moneys derived from non-renewable resource transactions on the sale of land or other First Nation tangible capital assets; and
- Revenue trust funds generated primarily through land leasing transactions or interest earned on deposits held in trust.

***Liability for contaminated site***

A liability for remediation of a contaminated site is recognized at the best estimate of the amount required to remediate the contaminated site when contamination exceeding an environmental standard exists, the First Nation is either directly responsible or accepts responsibility, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount is determinable. The best estimate of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information available at March 31, 2015.

At each financial reporting date, the First Nation reviews the carrying amount of the liability. Any revisions required to the amount previously recognized is accounted for in the period revisions are made. The First Nation continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made. As at March 31, 2015, management has determined that no such liability is required to be recorded.

**Popkum First Nation**  
**Notes to the Financial Statements**  
*For the year ended March 31, 2015*

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**2. Significant accounting policies (Continued from previous page)**

***Reporting entity***

The financial statements consolidate the financial activities of all entities and departments comprising the First Nation reporting entity, except for government business entities.

Popkum First Nation government business entities, owned or controlled by the First Nation's Council but not dependent on the First Nation for their continuing operations, are included in the financial statements using the modified equity method. Under the modified equity method, the equity method of accounting is modified only to the extent that the government business entity accounting principles are not adjusted to conform to those of the First Nation. Thus, the First Nation's investment in these entities is recorded at acquisition cost and is increased for the proportionate share of post acquisition earnings and decreased by post acquisition losses and distributions received. Entities accounted for by the modified equity basis include:

- Popkum FN Development Corporation

***Revenue recognition***

***Government Transfers***

The First Nation recognizes a government transfer as revenue when the transfer is authorized and all eligibility criteria, if any, have been met. A government transfer with stipulations giving rise to an obligation that meets the definition of a liability is recognized as a liability. In such circumstances, the First Nation recognizes revenue as the liability is settled. Transfers of non-depreciable assets are recognized in revenue when received or receivable.

***Funds held in Ottawa Trust Fund***

Due to measurement uncertainty, revenue related to the receipt of funds held in the Ottawa Trust Fund is recognized when it is received.

***Other revenue***

Other revenue is recognized as revenue when received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

***Measurement uncertainty***

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of tangible capital assets.

***Segments***

The First Nation conducts its business through two reportable segments: Administration and Rights and Title. These operating segments are established by senior management to facilitate the achievement of the First Nation's long-term objectives to aid in resource allocation decisions, and to assess operational performance.

For each reported segment, revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information.

The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements.

**3. Correction of an error**

During the year, the First Nation determined that cash was understated in the prior year. For 2014, the impact of this correction has resulted in an increase in cash by \$22,026 and an increase in other revenue of \$22,026.

**Popkum First Nation**  
**Notes to the Financial Statements**  
*For the year ended March 31, 2015*

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**4. Investments government business entities**

The First Nation has investments in the following entities:

<b>Government Business Entity</b>	<i>Investment cost</i>	<b>2015 Total investment</b>
Popkum FN Development Ltd. - 100%	100	100

**5. Funds held in trust**

	<b>2015</b>	<b>2014</b>
<b>Capital Trust</b>		
Balance, beginning and end of year	7	7
<b>Revenue Trust</b>		
Balance, beginning of year	3,178	11,925
Interest and distributions	101	253
Less: Transfers to Nation	-	9,000
Balance, end of year	3,279	3,178
	<b>3,286</b>	<b>3,185</b>

**6. Long-term debt**

Popkum First Nation is the guarantor of a Nation member's mortgage. The member defaulted on this loan and the First Nation has taken on the long-term debt. The balance of the mortgage at year end was \$61,064 (2014 - \$54,757).

**7. Accumulated surplus**

Accumulated surplus consists of the following:

	<b>2015</b>	<b>2014</b>
		<i>(Restated)</i>
Equity in Ottawa Trust Funds	3,286	3,185
Program surplus	218,091	(42,962)
	<b>221,377</b>	<b>(39,777)</b>

**Popkum First Nation**  
**Notes to the Financial Statements**  
*For the year ended March 31, 2015*

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**8. Segments**

The First Nation conducts its business through reportable segments, which are differentiated by major activities, accountability and control relationships. The reportable segments and their activities are as follows:

**Administration**

Includes general operations, IT support and financial management of the First Nation along with an arm related to property taxation and governance activities.

**Rights and Title**

Includes revenue and expenditures related to the negotiation of rights and title matters.

**9. Comparative figures**

Certain comparative figures have been reclassified to conform with current year's presentation.

**Popkum First Nation**  
**Schedule 1 - Schedule of Expenses by Object**  
*For the year ended March 31, 2015*

	<b>2015</b>	<b>2014</b>
<b>Consolidated expenses by object</b>		
Bank charges and interest	1,366	171
Honoraria	18,600	13,750
Interest on long-term debt	6,306	-
Loss on sale of equipment	-	54,757
Member distributions	-	18,750
Professional fees	96,274	75,654
Rent	14,725	13,475
Repairs and maintenance	-	14,679
Telephone	-	1,750
Travel	-	1,504
Unsupported expenditures	215,282	-
	<b>352,553</b>	<b>194,490</b>

**Popkum First Nation  
Administration**

**Schedule 2 - Schedule of Revenue and Expenses and Accumulated Surplus (Deficit)**  
*For the year ended March 31, 2015*

	<b>2015</b>	<b>2014 (Restated)</b>
<b>Revenue</b>		
Other income (Note 3)	358,969	22,625
Province of BC	35,528	-
Indigenous Services Canada	24,835	24,835
Rental income	85,150	23,513
Property taxation	26,904	14,000
BC Hydro	9,070	-
Ottawa Trust	101	254
	<b>540,557</b>	<b>85,227</b>
<b>Expenses</b>		
Bank charges and interest	1,366	171
Honoraria	18,600	13,750
Interest on long-term debt	6,306	-
Loss on sale of equipment	-	54,757
Member distributions	-	18,750
Professional fees	18,500	2,375
Rent	14,725	13,475
Repairs and maintenance	-	14,679
Telephone	-	1,750
Travel	-	1,504
Unsupported expenditures	215,282	-
	<b>274,779</b>	<b>121,211</b>
<b>Surplus (deficit) before transfers</b>	<b>265,778</b>	<b>(35,984)</b>
<b>Transfers between programs</b>	<b>-</b>	<b>(17,799)</b>
<b>Surplus (deficit)</b>	<b>265,778</b>	<b>(53,783)</b>
<b>Accumulated surplus (deficit), beginning of year, as previously stated</b>	<b>(61,803)</b>	<b>14,006</b>
<b>Correction of an error (Note 3)</b>	<b>22,026</b>	<b>-</b>
<b>Accumulated surplus (deficit), end of year</b>	<b>226,001</b>	<b>(39,777)</b>

**Popkum First Nation**  
**Rights and Title**  
**Schedule 3 - Schedule of Revenue and Expenses and Deficit**  
*For the year ended March 31, 2015*

	<b>2015</b>	<b>2014</b>
<b>Revenue</b>		
Indigenous Services Canada	73,150	55,480
<b>Expenses</b>		
Professional fees	77,774	73,279
<b>Deficit before transfers</b>	(4,624)	(17,799)
<b>Transfers between programs</b>	-	17,799
<b>Surplus (deficit)</b>	(4,624)	-